



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS
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Memo To: Luly Massaro, Commission Clerk

From : John Bell, Chief Accountant

Date : February 28, 2022

Subject : Docket 5224 - Narragansett Bay Commission's Miscellaneous Petition to Recover Electronic Payment Transaction Fees

The Division of Public Utilities and Carriers ("Division") writes to provide the Public Utilities Commission ("Commission") with its recommendation regarding the Miscellaneous Petition of the Narragansett Bay Commission ("NBC") to recover electronic payment transaction fees. NBC does not have the fees built into its cost of service and has been covering these costs on behalf of their customers since the start of the pandemic. In its petition, NBC is requesting that the Public Utilities Commission ("Commission") grant relief allowing the recovery of electronic payment transaction fees including, credit card, debit card, and voice transaction fees that it incurred on behalf of its customers from the period beginning April 1, 2020, through the effective date of the Commission's decision in this docket. The NBC is also requesting an increase in rates of \$585,984.44 annually to cover the cost of the fees on an ongoing basis.

Background

As a result of the COVID-19 pandemic, the Commission opened Docket 5022 which prohibited utilities from, among other things, charging late fees, interest charges, credit card fees, debit card fees, and ACH fees to utility customers. Over time, certain prohibitions were lifted allowing for the recovery of late fees and interest charges upon thirty days' notice to customers. At its November 5, 2021, Open Meeting, the Commission acknowledged the fact that certain utilities did not have revenues included in their cost of service to cover transaction fee expenses and allowed utilities to file for rate recovery for those fees already incurred and those that it will incur on an ongoing basis.

Petition

Included in the petition was testimony provided by Karen L. Giebink, the NBC's Chief Financial Officer. Ms. Giebink stated that NBC is seeking permission to withdraw funds from its restricted Stabilization Account in the Debt Service Fund for deposit into the Operation and Maintenance Fund to cover the costs it incurred for covering electronic payment transaction fees on behalf of customers. In response to Com. 1-2, NBC estimated that the total fees that will be incurred through February 28, 2022, will be \$701,184.38. The balance in the Stabilization Account as of December 31, 2021, was \$9,571,830.75. Responses to Commission data requests show that NBC's proposal to withdraw from the Stabilization Account is designed to avoid raising rates for the recovery of the fees incurred up to the date of the Commission's decision in this docket. Additionally, the withdrawal will have no adverse impact on NBC's required debt service ratios as the withdrawal is relatively small and there is no anticipated deferral or cancellation of any projects and/or payments as a result. The Division believes this proposal is reasonable because it avoids charging future ratepayers' costs already incurred and attempts to match revenue and expenses by offsetting the prior costs against funds previously collected and available in the stabilization account. Further, the Division concurs that the proposal will not have an adverse impact on debt service ratios. Also, there should not be an adverse impact on the pay as you go capital projects that are eventually funded with the stabilization funds because the fund is replenished on an ongoing basis through current rates which will allow NBC to continue with its capital program.

Ms. Giebink testified further that NBC estimates that it will incur \$585,985 annually of ongoing electronic payment fees. Since NBC doesn't have these fees built into their cost of service, they proposed an across-the-board rate increase of 0.55% to cover the \$585,985 expense. The impact of the proposed increase on a typical residential customer using 73.2 HCF is 0.55% or \$2.87 annually. The Division believes this proposal is reasonable because it builds a known and measurable expense into NBC's cost of service and avoids deferring the costs for recovery from future ratepayers. The Division reviewed the calculation of the estimated ongoing electronic payment fees along with the calculation of the proposed rates and found NBC's calculations reasonable.

Conclusion

The Division reviewed the filing and responses to the data requests and as discussed above finds NBC's request for relief to be reasonable. The Division supports NBC's request for relief and recommends the Commission approve the petition as filed.